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UNIVERSITI SAINS MALAYSIA

First Semester Examination  
Academic Session 2006/2007

October/November 2006

**RMK 153 – Principles of Construction Economics**  
**(Prinsip-Prinsip Ekonomi Binaan)**

Duration : 3 hours  
Masa: 3 jam

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Please check that this examination paper consists of **SIX** printed pages before you begin the examination.

*Sila pastikan bahawa kertas peperiksaan ini mengandungi **ENAM** muka surat yang tercetak sebelum anda memulakan peperiksaan ini.*

Students are allowed to answer all questions either in English OR in Bahasa Malaysia only.

*Pelajar dibenarkan menjawab semua soalan dalam Bahasa Inggeris ATAU Bahasa Malaysia sahaja.*

Answer **FOUR** questions only. Answer **ONE** question from **SECTION A**, **ONE** from **SECTION B**, **ONE** from **SECTION C** and **ONE** from any other Sections.

*Jawab **EMPAT** soalan sahaja. Jawab **SATU** soalan dari **BAHAGIAN A**, **SATU** dari **BAHAGIAN B**, **SATU** dari **BAHAGIAN C** dan **SATU** soalan dari mana-mana Bahagian.*

...2/-

**SECTION A**  
**(BAHAGIAN A)**

1. "Everything evolves into price fixing over time. Price fixing up and price fixing down. Price fixing down to eliminate competition, price fixing up to accumulate profit".

Excerpt from the New York Times, 03/06/2001

Discuss the quotation above.

*"Mengikut peredaran masa, segalanya akan melalui penetapan harga. Penetapan harga ke atas dan penetapan harga ke bawah. Penetapan harga ke bawah akan menghapus persaingan, sementara penetapan harga ke atas adalah untuk mengaut keuntungan".*

*Dikutip dari New York Times, 03/06/2001*

*Bincang hujahan di atas.*

(25 marks/markah)

2. (a) What do you understand by the concept of elasticity of demand? Describe the factors which may affect the elasticity of demand.

Use diagrams to explain what is meant by the terms:-

- (i) elastic demand
- (ii) inelastic demand and
- (iii) unit elasticity of demand

- (a) *Apakah anda faham mengenai keanjalan permintaan dari harga? Huraikan faktor-faktor yang boleh memberi kesan terhadap keanjalan permintaan.*

*Dengan menggunakan lakaran carta terangkan apa yang dimaksudkan dengan:-*

- (i) *permintaan anjal*
- (ii) *permintaan tak anjal dan*
- (iii) *permintaan anjal unitari*

(12 marks/markah)

- 3 -

- (b) If we take perfect competition and monopoly markets as two different market structures, describe **FOUR** characteristics which differentiate one market from the other.

Give **THREE** situations where a monopoly market could exist or able to exist.

- (b) *Jika pasaran persaingan sempurna dan pasaran monopoli diambil sebagai dua jenis struktur pasaran yang wujud, terangkan **EMPAT** ciri yang boleh bezakan kedua struktur pasaran tersebut.*

*Nyatakan **TIGA** situasi bagaimana pasaran monopoli wujud atau boleh wujud.*

(13 marks/markah)

## SECTION B (BAHAGIAN B)

3. (a) Explain briefly the differences between individual proprietors, partnerships, private limited companies and public limited companies.
- (b) Explain the differences that happened to individual proprietors, partnerships, private limited companies and public limited companies in the construction industry between the years 1996 and 2002 (see **Table 1**) by taking into consideration the national statistics for the same time period (see **Table 2**).
- (a) *Jelaskan dengan ringkas perbezaan antara hak milik perseorangan, perkongsian, syarikat sdn bhd dan syarikat awam berhad.*
- (b) *Jelaskan perbezaan yang telah berlaku kepada hak milik perseorangan, perkongsian, syarikat sdn bhd dan syarikat awam berhad di dalam industri pembinaan antara tahun 1996 dan 2002 (lihat **Jadual 1**) dengan mengambilkira statistik negara bagi tempoh yang sama (lihat **Jadual 2**).*

(25 marks/markah)

- 4 -

**Table 1: Principle Statistics Of Construction Industries  
By Legal Status For 1996 And 2002.**

Legal status	Number of establishment		Value of gross output (RM'000)		Total number of persons engaged during December or last pay period	
	1996	2002	1996	2002	1996	2002
Individual proprietor	5,614	648	3,322,765	1,303,538	188,644	24,688
Partnership	1,507	367	1,922,131	942,261	46,163	17,980
Private Limited company	3,561	3,278	34,663,957	37,173,381	455,884	395,161
Public Limited Company	50	35	3,729,104	2,336,403	30,408	17,834
Others	23	-	1,004,532	-	6,270	-
Total	10,755	4,328	44,642,489	41,755,583	627,369	455,663

Source: Survey of Construction Industries, Malaysia, selected years.

**Table 2: Annual percentage growth of national gross domestic product and construction gross domestic product between 1996 and 2002 inclusively**

	1996	1997	1998	1999	2000	2001	2002
National	10.0	7.3	-7.4	6.1	8.5	0.3	4.1
Construction	16.2	10.6	-24.0	-4.4	0.6	2.1	2.3

Source: Economic Report, Malaysia, various years.

- 5 -

4. **Table 3** shows that the government still subscribes to its privatisation policy which was formulated in the previous decade.
- State and discuss the objectives of Malaysia's privatisation programme.
  - What must exist in a country's economy for the privatisation programme to be successful?
  - Why did the Malaysian government go into businesses in the first place?

**Jadual 3** menunjukkan Kerajaan masih lagi berpegang kepada polisi penswastan yang digubal dekad yang lalu.

- Nyatakan dan bincangkan objektif program penswastan Malaysia.
- Apakah yang perlu wujud di dalam ekonomi sesebuah negara untuk membolehkan program penswastan berjaya?
- Kenapa Kerajaan Malaysia menceburi dalam perniagaan pada mula-mulanya?

(25 marks/markah)

**Table 3: Number Of Privatised Projects By Sector And Mode, 2001- 2005**

Sector	Mode of privatisation (number of projects)										% of total
	SOE	BOT	BLT	SOA	BOO	LD	LIST	LOA	MC	Total	
Agriculture and Forestry	1	1	0	0	0	0	0	0	0	2	5.7
Construction	0	3	2	0	0	10	0	0	0	15	42.9
Electricity, gas & water	0	1	0	0	5	0	2	0	0	8	22.9
Transport, storage & communications	0	0	0	0	0	0	1	1	0	2	5.7
Government services	0	0	0	1	0	0	0	0	1	2	5.7
Other services	0	1	0	0	0	0	0	0	5	6	17.1
Total	1	6	2	1	5	10	3	1	6	35	100.0

Source: Economic Planning Unit

Notes: SOE = sale of equity

BOT = build-operate-transfer

BLT = build-lease-transfer

SOA = sale of assets

BOO = build-operate-own

LD = land development

LIST = listing

LOA = lease of assets

MC = management contracting

### SECTION C (BAHAGIAN C)

5. In any project development, there are few sectors that are involved directly and indirectly.
- (a) List down the sectors and their functions
  - (b) Discuss the sectors' involvement in ensuring the success of project development; and
  - (c) Discuss the existence and role of foreign contractors in Malaysia.

*Dalam sesuatu projek pembangunan, terdapat beberapa sektor yang terlibat secara langsung atau tidak langsung.*

- (a) *Senaraikan sektor tersebut dan fungsi mereka;*
- (b) *Bincangkan penglibatan sektor-sektor tersebut dalam menjayakan projek pembangunan; dan*
- (c) *Bincangkan kewujudan dan peranan yang dimainkan oleh kontraktor asing di Malaysia.*

(25 marks/markah)

6. Since independence, Malaysia has experienced a few stages of development that can be divided into few phases. Discuss.
- (a) The important scenarios that happened in every development phase, and
  - (b) The impact of the scenarios on the level of supply and demand in the industry.

Supply refers to the contracting firms while demand is created by the public and private sectors.

*Semenjak kemerdekaan, Malaysia mengalami pembangunan secara berperingkat yang dibahagikan kepada beberapa fasa. Bincangkan:-*

- (a) *Senario-senario penting yang berlaku dalam setiap fasa pembangunan, dan*
- (b) *Kesan senario-senario tersebut ke atas tahap penawaran dan permintaan dalam industri.*

*Penawaran adalah merujuk kepada firma-firma pembinaan manakala permintaan diwujudkan oleh klien sektor awam dan swasta.*

(25 marks/markah)